



The Constitution of the United States of America

Sixteenth Amendment--Income Tax

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SIXTEENTH AMENDMENT

INCOME TAX

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SIXTEENTH AMENDMENT

INCOME TAX

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

INCOME TAX

History and Purpose of the Amendment

The ratification of this Amendment was the direct consequence of the Court's decision in 1895 in *Pollock v. Farmers' Loan & Trust Co.*,\1\ whereby the attempt of Congress the previous year to tax incomes

5.18.1.9.2 (01-01-2004)**Validation During New Case Processing****1. Each new ASFR case must:**

- *Not be older than six years prior to the current processing year. For example, if the case came into the system April 2004, most current tax period 2002. ASFR can only work on modules with tax periods 2112, 2012, 9912, 9812, and 9712.*
- *Meet ASFR Selection Code Criteria.*
- *Have no associated Tax Delinquency Accounts (TDA), unless the TDA is in a continuing levy Status.*

5.18.1.9.2.1 (01-01-2004)**Automated Substitute for Return (ASFR) Selection Codes****1. Listed below are valid ASFR selection codes for TY 2000 and prior:**

- *Selection Code 12—Net proposed balance due is less than \$1,000 with 30% or less Non-Employee Compensation (NEC). Combined with Selection Code 13 in 1993.*
- *Selection Code 13—Net proposed balance due is \$1,000–\$2,000 with 30% or less NEC. Net proposed balance due change in 1993 to \$2,000 or less.*
- *Selection Code 14—Net proposed balance due over \$2,000 with 30% or less NEC.*
- *Selection Code 93—Federal employees/retirees. Not valid until 1993.*
- *Selection Code 39—Gross income over \$100,000 with no NEC and net balance due less than \$13,500.*

2. Beginning tax year 2001, ASFR selection codes have been separated according to the business operation divisions (BODs). ASFR is in two different BODs:

- **Wage and Investment (W&I), and**
- **Small Business and Self-Employed (SB/SE)**

3. The valid selection codes for W&I inventory are as follows:

- **Selection code 39 - Nonfiler whose total IRP income is \$100,000 or more with no non-employee compensation (NEC) income. ASFR balance due is \$500.**
- **Selection Code 12 - Federal Employees/Retirees with the ASFR balance due of \$100 or more.**
- **Selection Code 13 - Nonfiler whose ASFR balance is due is \$2,000 or more.**
- **Selection Code 14 - Nonfiler whose ASFR balance due assessment is at least \$1,000.**

4. The valid selection codes for SB/SE inventory are as follows:

- **Selection Code 95 - Nonfiler who subscribes to unsupported tax avoidance arguments.**

Note: